

Council Policy 3.1

Annual Financial Reporting Policy

Strategic Plan Objective

To achieve the EMRC Plan for the Future in accordance with the revised *10 Year Strategic Plan 2017-2027* and the *Sustainability Strategy 2022/2023 – 2026/2027*.

Purpose

To endorse accounting policies as part of the preparation of the Council's annual financial statements.

Legislation

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Australian Accounting Standards

Policy Statement

1 Reporting Entity

The reporting entity is the Eastern Metropolitan Regional Council.

2 Basis of Accounting

The financial statements shall be drawn up in accordance with the accounting standards and disclosure requirements of the Australian accounting bodies, the *Local Government Act 1995*, and the *Local Government (Financial Management) Regulations 1996*.

3 Asset Classification

The following classifications are to be utilised for recording assets:

- Land
- Buildings
- Structures
- Plant
- Equipment
- Furniture and Fittings

4 Depreciation

Fixed Assets excluding freehold land and art works are to be depreciated over their estimated useful lives on a straight line basis as follows:

Asset Class	Useful life
➤ Buildings	7.50 to 100 years (based on components)
➤ Structures	
⇒ General	15 to 105 years
⇒ Class III & IV Waste Cells	Based on actual usage
➤ Plant	3 to 24 years
➤ Furniture and fittings	3 to 25 years
➤ Equipment	3 to 25 years
➤ Post closure assets	Based on actual usage
➤ Landfill cells	Based on actual usage

Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for its to be capable of operating in the manner intended by management.

Depreciation of an asset ceases at the earlier date that the asset is classified as held for sale in accordance with AASB 5 and the date the asset is derecognised.

5 Capitalisation Thresholds

As per Regulation 17A(5) of the *Local Government (Financial Management) Regulations 1996*, capitalisation threshold for the EMRC's asset is \$5,000.

6 Rates

Although the Eastern Metropolitan Regional Council does not levy rates, the statement of financial activity is required to be presented in the annual financial report under r.36(3)(a) of the *Local Government (Financial Management) Regulations 1996*.

7 Timing of Asset Valuations

In accordance with regulation 17A(4) of the *Local Government (Financial Management) Regulations 1996*, the EMRC undertook revaluations on its Land, Buildings and Infrastructure classes of assets during the 2020/2021 financial year and will be revalued every 4 years thereafter.

8 Revaluation Thresholds

Revaluation thresholds shall be:

➤ Land	No limit
➤ Buildings	\$5,000
➤ Road Infrastructure	\$5,000
➤ Other Infrastructures	\$5,000

9 Landfill Cells

There are three general components of cell construction:

- Cell excavation and development costs;
- Cell liner costs; and
- Cell capping costs.

All cell excavation and development costs and cell liner costs are capitalised and depreciated over the useful life of the cell based on the volumetric usage of the landfill cell air space during the year.

Cell capping costs are expensed as they occur as part of ongoing site rehabilitation.

Financial Considerations

Nil

Adopted/Reviewed

27 October 1994
22 July 1999
2 May 2022
20 May 2004
23 February 2006
18 September 2008
23 September 2010
19 June 2014
18 September 2014
17 September 2015
6 December 2018
23 May 2019
24 June 2021
28 March 2024

Next Review

Following the Local Government elections in 2025

Responsible Unit

Business Support Team